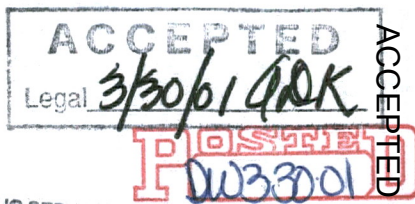


** Motion for Expedited Review
or pre-filed testimony
included*

BEFORE THE
STATE OF SOUTH CAROLINA
PUBLIC SERVICE COMMISSION



In the Matter of the Application of)
)
McLeodUSA Telecommunications)
Services, Inc.)
)
for a Certificate of Public Convenience and)
Necessity to Provide Competitive Local)
Exchange Telecommunications Services,)
Facilities-Based Interexchange)
Telecommunications Services and for)
Alternative or Relaxed Regulation)

Docket No. 2001-113-C

APPLICATION



McLeodUSA Telecommunications Services, Inc. ("McLeodUSA" or "Applicant"), by its undersigned counsel and pursuant to South Carolina Code § 58-9-280 and the rules and regulations of the South Carolina Public Service Commission ("Rules"), hereby submits its application for a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange services and facilities-based interexchange services in the State of South Carolina. In addition, as set forth in Section IV of this Application, Applicant requests waivers of certain Rules and that McLeodUSA be subject to alternative or relaxed regulation, pursuant to South Carolina Code §§ 58-9-575, 58-9-720 and 58-3-140. McLeodUSA is a nondominant carrier that has been authorized to provide resold intrastate interexchange services in South Carolina since 1997 pursuant to certification granted by this Commission, as set forth below.

In support of this Application, McLeodUSA provides the following information as well as a proposed initial tariff:

I. DESCRIPTION OF THE APPLICANT

1. Applicant's legal name is McLeodUSA Telecommunications Services, Inc. Applicant may be reached at its principal place of business:

McLeodUSA Technology Park
6400 C Street, S.W.
P.O. Box 3177
Cedar Rapids, Iowa 52406-3177
Telephone: (319) 790-6823
Facsimile: (319) 790-7901

McLeodUSA is a wholly owned subsidiary of McLeodUSA Holdings, Inc. ("MHI"), a Delaware corporation. MHI, in turn, is a wholly owned subsidiary of McLeodUSA Incorporated, a publicly traded Delaware corporation and one of the leading telecommunications companies in the United States.

2. McLeodUSA is a corporation organized and existing under the laws of the State of Iowa. A copy of Applicant's Articles of Incorporation is attached hereto as Exhibit A. McLeodUSA is authorized to transact business in the State of South Carolina as a foreign corporation. A copy of McLeodUSA's Certificate of Authority to Transact Business in the State of South Carolina is attached hereto as Exhibit B. McLeodUSA's registered agent in the State of South Carolina is:

CT Corporation System
75 Beattie Place
Two Insignia Financial Plaza
Greenville, SC 29601

3. Correspondence or communications pertaining to this Application should be directed to Applicant's attorneys of record:

Grace R. Chiu
 Kelly A. Olson
 Swidler Berlin Shereff Friedman, LLP
 3000 K Street, N.W., Suite 300
 Washington, D.C. 20007-5116
 Telephone: (202) 424-7500
 Facsimile: (202) 424-7645

with a copy to:

David R. Conn
 Vice President and Deputy General Counsel
 McLeodUSA Telecommunications Services, Inc.
 McLeodUSA Technology Park
 6400 C Street, S.W.
 P.O. Box 3177
 Cedar Rapids, Iowa 52406-3177
 Telephone: (319) 790-7055
 Facsimile: (319) 790-7901

4. Questions concerning the ongoing operations of Applicant following certification should be directed to Mr. Conn at the above address.

5. McLeodUSA is a nondominant carrier that provides integrated telecommunications services to small- and medium-size business and residential customers and governmental entities. McLeodUSA offers integrated telecommunications including local services in its 26-state footprint, primarily in the Midwest, Rocky Mountain and Pacific Northwest states; long distance and advanced data services are available in all states except Alaska and Hawaii. In South Carolina, McLeodUSA is authorized to provide resold intrastate interexchange services pursuant to a Certificate of Public Convenience and Necessity granted by this Commission by Order No. 97-944 issued in Docket No. 97-207-C (Nov. 4, 1997). McLeodUSA also provides interstate and international telecommunications services as a nondominant carrier pursuant to authority of the Federal Communications Commission ("FCC").

6. McLeodUSA is in the process of obtaining certification to provide resold and facilities-based local exchange services and facilities-based interexchange services in states where it does not hold such authority. Applicant currently has pending applications for such authority in California, Connecticut, Georgia, Kentucky, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania and Virginia. Applicant has never been denied certification to provide telecommunications services in any jurisdiction.

7. Further information regarding McLeodUSA's qualifications to provide telecommunications services in the State of South Carolina was filed with its application for certification to provide resold interexchange services, as referenced above, and is therefore already a matter of public record. Applicant respectfully requests that the Commission take official notice of that information and incorporate it by reference herein. That information, as supplemented and/or updated by the information provided in Section III of this Application, below, demonstrates that McLeodUSA possesses the technical, managerial, and financial qualifications to conduct the telecommunications operations specified in this Application in the State of South Carolina.

II. DESCRIPTION OF PROPOSED SERVICES AND FACILITIES

1. McLeodUSA seeks authority to provide resold and facilities-based local exchange and facilities-based interexchange telecommunications services to business and residential customers from all points within the State of South Carolina and, therefore, seeks statewide authorization. Although McLeodUSA initially plans to provide service in the service areas of BellSouth Telecommunications, Inc. d/b/a South Central Bell Telephone Company ("BellSouth"), McLeodUSA seeks statewide authorization so that it may expand its local exchange service areas

in South Carolina as market conditions may warrant. McLeodUSA's services will be available on a full-time basis, 24 hours a day, seven (7) days a week.

2. In other states, McLeodUSA offers a full range of resold and facilities-based local exchange services, and plans to eventually offer these services in the State of South Carolina. Initial services offerings, however, will likely be limited to only a subset of these services. These services may include, but will not be limited to, the following: (1) local exchange access services to single-line and multi-line customers, including basic residential and business lines, direct inward/outward PBX trunk service, PRI-type services, Centrex services and ISDN; (2) local exchange services to customers of McLeodUSA end user access line services; (3) data services, including DSL, carried through McLeodUSA's ATM switches; and, (4) switched, dedicated and special carrier access services to other common carriers. These services will allow customers to originate and terminate local calls to other customers served by McLeodUSA as well as customers served by all other authorized local exchange carriers.

3. McLeodUSA will also provide switched access services and various intrastate private line and dedicated access services. In addition, Applicant will provide customers access to emergency services, including 911 and enhanced 911 services (where available). When providing local service via resale, McLeodUSA may provide operator and directory assistance through the incumbent local exchange carrier ("ILEC"). When customers are migrated to McLeodUSA's network facilities, McLeodUSA may provide directory assistance and operator services via its own personnel and equipment. McLeodUSA currently holds a Certificate of Public Convenience and Necessity to provide resold intrastate interexchange services in South Carolina, as described in Section I above.

4. McLeodUSA currently has deployed both Lucent and Nortel DMS switches. McLeodUSA has not made a final decision as to switch deployment in South Carolina. McLeodUSA plans to utilize a backbone state-of-the-art fiber optic communications network that will carry traffic from various exchanges in South Carolina to McLeodUSA's switches and points of presence. McLeodUSA will provide 24-hour network monitoring and customer service centers.

5. As set forth in Section IV of this Application below, customers with service, billing and repair inquiries, and complaints may reach McLeodUSA 24 hours a day, seven (7) days a week using its toll free customer service numbers. McLeodUSA's toll free service number for residential customers is (800) 500-3453 and for business customers is (800) 593-1177. McLeodUSA's toll free number will be printed on its customers' monthly billing statements. Customer service representatives will monitor calls to this number 24 hours a day.

III. FINANCIAL, TECHNICAL AND MANAGERIAL QUALIFICATIONS

McLeodUSA is an experienced provider of competitive local exchange and interexchange telecommunications services and possesses the managerial, technical, and financial qualifications to provide the services proposed in this Application. McLeodUSA will rely upon its existing personnel and technological and financial resources to conduct its telecommunications operations in the State of South Carolina. In addition to its own expertise and resources, McLeodUSA relies upon the substantial financial, managerial and technical resources of its ultimate corporate parent, McLeodUSA Incorporated, one of the leading telecommunications companies in the United States. Further information demonstrating McLeodUSA's managerial, technical and financial qualifications is set forth below.

Managerial Qualifications

1. McLeodUSA is an experienced provider of competitive local exchange and interexchange telecommunications services. Specifically, McLeodUSA currently offers integrated telecommunications including local services in its 26-state footprint, primarily in the Midwest, Rocky Mountain and Pacific Northwest states; long distance and advanced data services are available in all states except Alaska and Hawaii.

2. McLeodUSA is led by Clark McLeod, one of the most respected and influential leaders in the telecommunications industry, and the founder of McLeodUSA's corporate parent, McLeodUSA Incorporated. Mr. McLeod's previous business venture, Teleconnect, was founded in 1980. As chairman and chief executive officer of Teleconnect and President of Telecom*USA, the successor of Teleconnect, Mr. McLeod was responsible for the transformation of this venture, by 1990, into the fourth largest U.S. long distance carrier. In August 1990, Telecom*USA was purchased by MCI for \$1.25 billion.

3. Mr. McLeod has assembled a management team for McLeodUSA that possesses extensive managerial, financial, and technical experience in the telecommunications industry. Brief descriptions of the background and experience of key members of McLeodUSA's management team are provided in Exhibit C, attached hereto. The officers and directors responsible for Applicant's South Carolina operations are:

Officers:

Stephen C. Gray	President and Chief Executive Officer of Local Services
Roy A. Wilkens	President and Chief Executive Officer of Data Services
J. Lyle Patrick	Chief Financial Officer
Randall Rings	General Counsel

McLeodUSA's sole director is Stephen C. Gray. The above listed principal officers and Applicant's sole director may be reached at the address set forth in Section I of this Application.

Technical Qualifications

4. Since its inception in 1991, Applicant's ultimate corporate parent, McLeodUSA Incorporated has aggressively pursued its goal for McLeodUSA to be the leading provider of integrated telecommunications services in the market areas it targets. McLeodUSA has grown rapidly over the last several years, expanding its existing networks, developing new networks, and increasing its service offerings. A facilities-based telecommunications provider, McLeodUSA has over 360 ATM switches, 37 voice switches, nearly 824,000 local lines, and over 10,000 route miles of fiber optic network, employing over 9,100 employees. McLeodUSA recently expanded its marketplace for advanced data and Internet services to all 50 states through the acquisition of Splitrock Services, Inc. ("Splitrock"). The Splitrock network, which is capable of transmitting integrated next-generation data, video and voice services, reaches 800 cities and 90 percent of the U.S. population.

5. The quality of service that McLeodUSA's South Carolina customers will receive will be equivalent to or better than that provided by the incumbent carrier.

Financial Qualifications

6. Applicant is financially qualified to render the proposed services. Specifically, McLeodUSA has access to ample capital through the strength of its ultimate corporate parent, McLeodUSA Incorporated. Under McLeodUSA Incorporated's corporate structure, financing activities are conducted by the parent entity, McLeodUSA Incorporated. Funds are dispersed to the operating subsidiaries as required by the subsidiary's operations.

McLeodUSA Incorporated's annual revenues have grown from in excess of \$23 million for 1994 to more than \$908 million for 1999. For the quarter ended September 30, 2000, total revenues were a record \$366.6 million, compared to \$241.1 million for the same period one year ago, an increase of 52 percent. The growth of McLeodUSA Incorporated has been funded, in part, through net proceeds of approximately \$388 million from McLeodUSA Incorporated's 1996 initial and secondary public offerings of common stock, and private sales of equity securities yielding proceeds of \$41 million.

In September 1999, McLeodUSA Incorporated welcomed Forstmann Little & Co., a New York-based investment firm, as a long-term strategic partner. Forstmann Little provided a \$1 billion capital infusion, purchasing a 12 percent stake in McLeodUSA Incorporated. In May 2000, McLeodUSA Incorporated secured a bank credit facility of \$1.3 billion, funding its business plan at favorable rates.

Attached hereto as Exhibit D is a copy of McLeodUSA Incorporated's most recent financial statements as filed with the Securities and Exchange Commission on Forms 10-K and 10-Q. Exhibit D demonstrates that McLeodUSA Incorporated possesses the financing and working capital necessary to fulfill any obligations that McLeodUSA may undertake with respect to the operation and maintenance of the services proposed in this Application.

7. In granting McLeodUSA certification to provide resold intrastate interexchange telecommunications services in South Carolina, this Commission has already found McLeodUSA qualified to provide intrastate telecommunications services to South Carolina consumers. As detailed above, backed by McLeodUSA Incorporated's substantial financial resources, and led by a management team with proven experience in the telecommunications industry, McLeodUSA is

well qualified to provide competitive local exchange and facilities-based interexchange services in the State of South Carolina.

IV. REQUESTS FOR WAIVER AND ALTERNATIVE OR RELAXED REGULATION, AND REGULATORY COMPLIANCE

Request for Expedited Treatment and Waiver of Hearing

1. McLeodUSA requests expedited treatment of this Application and a waiver of hearing. McLeodUSA has already been deemed qualified to provide resold intrastate interexchange telecommunications services pursuant to a Certificate of Public Convenience and Necessity granted by this Commission by Order No. 97-944 issued in Docket No. 97-207-C (Nov. 4, 1997). Applicant's motion for expedited treatment and waiver of hearing is attached hereto as Exhibit E. Pre-filed testimony given by David R. Conn in support of this Application and McLeodUSA's Motion are attached hereto as Exhibit F.

Request for Waivers

1. McLeodUSA requests a waiver of the requirement in Rule 103-610 that all records required under the Rules be kept within the State. McLeodUSA maintains its records at its principal offices in Cedar Rapids, Iowa.

2. McLeodUSA also requests that it be exempt from any Rules governing record keeping that might require McLeodUSA to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, McLeodUSA will not be subject to rate base regulation and therefore requests Commission approval to maintain its books in accordance with generally accepted accounting principals ("GAAP").

3. McLeodUSA also requests waivers of any reporting requirements that, although applicable to ILECs, are not applicable to competitive carriers such as McLeodUSA because such requirements are not consistent with the demands of the competitive market and constitute an undue burden on a competitive carrier.

4. McLeodUSA requests a waiver of the requirement of Rule 103-631 to publish and distribute local exchange directories. Initially, McLeodUSA will not be providing switched end-user local exchange service. At such time as initiating such service, McLeodUSA intends to enter into an agreement with the directory publisher for BellSouth to include the names of its customers in BellSouth's directories.

5. In addition to the above requested waivers, McLeodUSA reserves the right to seek any regulatory waivers which may be required for McLeodUSA to compete effectively in the South Carolina telecommunications market.

Request for Alternative or Relaxed Regulation

6. McLeodUSA requests alternative or relaxed regulation in accordance with S.C. Code Ann. §§ 58-9-575, 58-9-720 and 58-3-140, in the same manner as granted by the Commission in Order Nos. 95-1734 and 96-55.

Marketing Practices

7. Applicant will market its services by direct solicitation. Applicant does not currently utilize marketing and/or promotional materials in South Carolina; however, Applicant can provide the Commission copies of such materials when they become available.

8. Pursuant to the Commission's Order No. 95-658 (issued March 20, 1995), Applicant makes the following affirmation (which is included in Applicant's proposed tariff, attached hereto as Exhibit G):

As a telephone utility under the regulation of the Public Service Commission of South Carolina, Carrier does hereby assert and affirm that as a reseller of intrastate telecommunications service, Carrier will not indulge or participate in deceptive or misleading telecommunications marketing practices to the detriment of consumers in South Carolina, and will comply with those marketing procedures, if any, set forth by the Public Service Commission. Additionally, Carrier will be responsible for the marketing practices of its contracted telemarketers for compliance with this provision. Carrier understands that violation of this provision could result in a rule to show cause as to the withdrawal of its certification to complete intrastate telecommunications traffic within the state of South Carolina.

9. **Toll Free Customer Service Support**. Customers with service, billing and repair inquiries, and complaints may reach McLeodUSA 24 hours a day, seven (7) days a week using its toll free customer service numbers. McLeodUSA's toll free service number for residential customers is (800) 500-3453 and for business customers is (800) 593-1177. McLeodUSA's toll free number will be printed on its customers' monthly billing statements. Customer service representatives will monitor calls to this number 24 hours a day.

10. **Proposed Tariff**. Attached hereto as Exhibit G is a copy of Applicant's proposed initial tariff containing McLeodUSA's rates, terms, and conditions of service for the services proposed herein.

V. **PUBLIC INTEREST STATEMENT**

The entry of McLeodUSA into the telecommunications market in South Carolina will serve the public interest by creating greater competition in the telecommunications marketplace and by permitting customers to achieve increased efficiencies and cost savings. McLeodUSA's proposed

services will meet the needs of business and individual users in the State of South Carolina for competitively priced, superior quality telecommunications services. Moreover, McLeodUSA's entry into the local exchange market will not adversely impact the availability of affordable local exchange and interexchange services. Accordingly, Commission approval of the instant Application will foster competition in the telecommunications market and generate significant benefits to South Carolina telecommunications users, including low-priced, high-quality services; innovative telecommunications services and increased consumer choice; and efficient use of existing telecommunications resources, as well as, increased diversification and reliability of the supply of communications services.

WHEREFORE, McLeodUSA Telecommunications Services, Inc. respectfully requests that the South Carolina Public Service Commission issue an Order granting McLeodUSA: (1) a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange and facilities-based interexchange telecommunications services in the State of South Carolina; (2) the motion and waivers requested herein, including alternative or relaxed regulation in accordance with South Carolina Code Ann. Sec. 58-9-575, in the same manner as granted by the South Carolina Public Service Commission in Order Nos. 95-1734 and 96-55; and (3) all other appropriate relief.

Respectfully submitted,



Grace R. Chiu

Brett P. Ferencak

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

3000 K Street, N.W., Suite 300

Washington, D.C. 20007-5116

Telephone: (202) 424-7500

Facsimile: (202) 424-7645

Counsel for

McLeodUSA Telecommunications Services, Inc.

Dated: March 27, 2001

EXHIBIT LIST

EXHIBIT A	Articles of Incorporation
EXHIBIT B	Certificate of Authority to Transact Business
EXHIBIT C	Management Qualifications
EXHIBIT D	Financial Statements of Applicant's Ultimate Corporate Parent, McLeodUSA Incorporated: SEC Forms 10-K (1999) and 10-Q (3 rd Qtr. 2000)
EXHIBIT E	Motion for Expedited Treatment and Waiver of Hearing
EXHIBIT F	Pre-Filed Testimony of David R. Conn
EXHIBIT G	Proposed Tariff
VERIFICATION	
CERTIFICATE OF SERVICE	

EXHIBIT A

Articles of Incorporation

168002

RECEIVED
JUL 26 1993
SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF

MCLEOD TELEMANAGEMENT, INC.

The undersigned person, acting as incorporator of a corporation organized under the Iowa Business Corporation Act, Chapter 490, Code of Iowa 1993, adopts the following Articles of Incorporation for such corporation, to be effective upon filing with the Secretary of State of the State of Iowa.

ARTICLE I
CORPORATE NAME AND EXISTENCE

The name of the corporation is McLeod Telemanagement, Inc. The corporation shall begin its existence as of the date that the Secretary of State issues a Certificate of Incorporation.

ARTICLE II
AUTHORIZED SHARES

The aggregate number of shares which the corporation shall have authority to issue is 1,000 shares of no par value stock.

ARTICLE III
REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the corporation is 500 Firststar Building, P.O. Box 2107, Cedar Rapids, Iowa 52406, and the name of its initial registered agent at such address is Thomas N. Collins.

ARTICLE IV
INCORPORATOR

The incorporator is Thomas N. Collins whose address is 500 Firststar Building, P.O. Box 2107, Cedar Rapids, Iowa 52406.

ARTICLE V
BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors is one. The name and address of the person who is to

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serve as director until the first annual meeting of shareholders or until his successors are elected and shall qualify as:

Name

Address

Clark McLeod

232 Rosedale Road SE
Cedar Rapids, Iowa 52403

After the initial Board of Directors, the Board shall consist of such number of directors as shall be fixed and determined by the shareholders from time to time at each annual meeting at which directors are to be elected.

ARTICLE VI CORPORATE POWERS

The corporation shall have unlimited power to engage in and to do any lawful act concerning any and all lawful business for which corporations may be organized under the Iowa Business Corporation Act.

ARTICLE VII DIRECTORS LIABILITY/INDEMNIFICATION

No director of this corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director, except that a director may be held personally liable for such director's breaches of his or her duty of loyalty to the corporation or its stockholders for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, for a transaction from which the director derives an improper personal benefit, or under Iowa Code §490.832 (1993) as amended or reamended. If the Iowa Business Corporation Act is later amended to permit the further elimination or limitation of the personal liability of directors, then the liability of a director of this corporation shall be eliminated or limited to the fullest extent permitted by such amendment.

Any director or officer who is involved in litigation by reason of his or her position as a director or officer of this corporation shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Iowa Business Corporation Act as it now exists or may subsequently be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights).

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ARTICLE VIII DIRECTOR OR OFFICER INTEREST

In the absence of fraud, no contract or transaction between this corporation and any other association or corporation shall be affected by the fact that any director or officer of this corporation is interested in or is a director of or officer of such other association or corporation. Any director or officer of this corporation individually may be a party to or may be interested in any such contract or transaction or in any way connected with any such person, firm, association or corporation. Each person who may become a director or officer of this corporation is relieved of all liability which may otherwise exist by reason of contracting with the corporation for the benefit of such person or any other person, firm, association or corporation in which such person may in any way be interested.

ARTICLE IX STOCK TRANSFER RESTRICTION

No stockholder of this corporation shall sell any shares of stock held by him or her in this corporation without first offering to sell such stock to the corporation on the same terms and conditions and at the price offered in good faith and in writing by any proposed purchaser. The written offer by such proposed purchaser shall be delivered to the corporation at the time the stock is offered to the corporation for sale. The corporation shall have the right to accept the offer at any time within thirty (30) days from and after the date on which the offer is made to the stockholder and shall exercise the option to purchase by notifying the stockholder in writing. If the corporation shall not exercise its option to purchase the shares of stock, it shall notify the stockholder in writing within the thirty (30) day period and the shares may then be sold by the stockholder, but only to the proposed purchaser on the same terms and conditions as offered to the corporation, and only within thirty (30) days from and after the date on which the corporation declines to exercise its option.

ARTICLE X CORPORATE SEAL AND EXECUTION OF WRITTEN INSTRUMENTS

The corporation shall have no corporate seal. All instruments executed by the corporation, including those which affect an interest in real estate, may be executed by the President or Vice President. Notwithstanding any of the foregoing provisions, any written instrument may be executed by any officer or officers,

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SHUTTLEWORTH

Page 5 Job 989

Jul-26 Mon 15:03 1993

agent or agents, or other person or persons specifically designated by resolution of the Board of Directors of the corporation.

Dated this 26 day of July, 1993.

Thomas M. Collins
Thomas M. Collins, Incorporator

STATE OF IOWA }
COUNTY OF LINN } ss:

On this 26 day of July, 1993, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Thomas M. Collins, to me personally known to be the person named in and who executed the foregoing Articles of Incorporation and acknowledged the same as his free and voluntary act and deed.



James K. Kavan
Notary Public in and for the State of Iowa

ELAINE BAXTER
Secretary of State
FILED
Date: 7-26-1993
Time: 3:01 PM
Receipt: W9941

000944



ELAINE BAXTER
Secretary of State
State of Iowa

**IOWA 1994
ANNUAL REPORT
for an
IOWA CORPORATION**

Required by Iowa Code chapter 490

AR-1
635-9883a

Return this report to the
Secretary of State
postmarked no later than
March 31, 1994.

1. The name of the corporation, its registered agent, and its registered office.

490 DP-168002
MCLEOD TELEMANAGEMENT, INC.
THOMAS M COLLINS
500 FIRSTAR BLDG
PO BOX 2107
CEDAR RAPIDS, IA 52406

(You may change your registered agent/office in the box at right.)

**CHANGE OF REGISTERED
AGENT OR OFFICE:**

Complete this section if there is a
change to the current registered agent
and registered office as preprinted in
item one of this report.

1. Name of the new registered agent:

Casey D. Mahon

(Please print)

X
(Signature of new registered agent)

**2. The address of the new registered
office in Iowa is:**

221-3rd Ave SE Suite 500
Street Address (A street address is required.
A post office box may be added.)

Cedar Rapids, IA 52401

(City, State, Zip)

**3. The signature of a new registered
agent constitutes the consent of the new
agent to the appointment.**

**4. The name of the corporation and the
address of the current registered agent
and registered office are as stated in
item one of this annual report.**

**5. After any change is made, the
address of the registered office and the
business address of the registered agent
will be identical.**

2. Address of the Principal Office of the Corporation

Town Center
Suite 500
221 3rd St SE
Cedar Rapids Iowa 52401

Change the address to:

Town Centre Suite 500

221- 3rd Ave SE

Cedar Rapids, IA 52401

3. Stock Authorized and Issued

	CLASS	SERIES	AUTHORIZED	ISSUED
1.	Common		1000	1000
2.				
3.				
4.				

4. Does the corporation own agricultural land in Iowa?

YES, the corporation owns

acres.

NO

5. Is the corporation a "family farm corporation?"

YES

NO

6. FILING FEE IS ENCLOSED\$30.00

The officers and directors of the corporation are reported on page 2 and any attached additional sheets.

7. SIGNED: X

STATE OF IOWA
SECRETARY OF STATE

FILED 04/01/1994 AT 8:11 AM

Signature File # 000168002W00045265
*NO: 94413985 -WS: 94413986

319-3640000

Phone (optional)

168002

ARTICLES OF AMENDMENT
OF
MCLEOD TELEMAGEMENT, INC.

TO THE SECRETARY OF STATE OF THE STATE OF IOWA:

Pursuant to the provisions of Sections 490.1005 and 490.1006 of the Iowa Business Corporation Act, the undersigned corporation adopts the following amendments to the corporation's Articles of Incorporation.

1. The name of the corporation, prior to the effective date of these Articles of Amendment, is McLeod Telemagement, Inc. The name of the corporation following the effective date of these Articles of Amendment will be McLeodUSA Telecommunications Services, Inc.

2. The corporation has elected to amend Article I of the Articles of Incorporation to read as follows:

The name of the corporation is McLeodUSA Telecommunications Services, Inc.

3. The amendment was adopted by all members of the Board of Directors and the sole shareholder by unanimous written consent, without a meeting effective Dec 27, 1996, all in accordance with Section 490.1003 of the Iowa Business Corporation Act. The number of shares of the corporation outstanding at the time of adoption of the amendment was 1200 shares, common stock, the number of shares entitled to vote on the amendment was 1200 shares, common stock, and the number represented at the time of adoption was 1000 shares of common stock. All 1000 shares of common stock were voted in favor of adoption.

4. The effective date and time of this amendment is 12:01 a.m. January 1, 1997.

MCLEOD TELEMAGEMENT, INC.

FILED
IOWA
SECRETARY OF STATE
12-27-96
2:15 pm

By:


Casey D. Mahon, Secretary

W130541



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ACCEPTED FOR PROCESSING - 2019 November 13 2:14 PM - SCPSC - 2001-113-C - Page 22 of 52

①



PAUL D. PATE
Secretary of State
State of Iowa

**Statement of Change
of Registered Office or
Registered Agent or Both**

168002

Pursuant to the provisions of the Iowa Business Corporation Act, the Iowa Limited Liability Company Act or the Iowa Nonprofit Corporation Act, the corporation submits the following statement to change the registered office or registered agent or both, in Iowa:

RECEIVED
APR 07 1998
SECRETARY OF STATE

1. The name of the corporation: MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.

2. The address of the new registered office of the corporation:

2222 Grand Avenue Des Moines, Iowa 50312
Street City State Zip

3. The name of the new registered agent for the corporation:

C T Corporation System

*NOTE: The address of the registered office and the address of the business office of the registered agent as changed, will be identical.

4. Signature

Please type or print name and title: Laura S. Hahn, Assistant Secretary

COMPLETE THIS ITEM ONLY IF REGISTERED AGENT HAS CHANGED.

The undersigned consents to be appointed registered agent for the corporation named in this statement.

Name of new agent C T Corporation System

Signature

James M. Halpin
James M. Halpin, Assistant Secretary

The information you provide will be open for public inspection under Iowa Code, so

PLEASE READ INSTRUCTIONS ON REVERSE BEFORE COMPLETING

FILED
IOWA
SECRETARY OF STATE
4-7-98
4:24pm
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168002-S SECRETARY OF STATE

**ARTICLES OF MERGER
OF
CONSOLIDATED COMMUNICATIONS TELECOM SERVICES INC.
INTO
MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.**

TO THE SECRETARIES OF STATE OF THE STATE OF IOWA AND THE
STATE OF ILLINOIS:

Pursuant to Section 1105 of the Iowa Business Corporation Act, Consolidated Communications Telecom Services Inc. and McLeodUSA Telecommunications Services, Inc. adopt the following articles of merger.

1. The Plan of Merger ("Plan") is attached as Exhibit 1.
2. The designation, number of outstanding shares, and number of votes entitled to be cast by each voting group entitled to vote separately on the Plan as to each corporation is as follows:

CONSOLIDATED COMMUNICATIONS TELECOM SERVICES INC.

<u>Designation Of Group</u>	<u>Shares Outstanding</u>	<u>Votes Entitled To Be Cast On Amendment</u>
Common	1,000	1,000

MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.

<u>Designation Of Group</u>	<u>Shares Outstanding</u>	<u>Votes Entitled To Be Cast On Amendment</u>
Common	1,000	1,000

The number of votes cast for the Plan by each voting group was sufficient for approval by that voting group. The votes cast in favor of the Plan were unanimous.

(5)

000909

3. Consolidated Communications Telecom Services Inc. is merged into McLeodUSA Telecommunications Services, Inc. with McLeodUSA Telecommunications Services, Inc. as the surviving corporation.

4. This merger shall become effective upon filing with the Secretary of the State of Iowa and the Secretary of the State of Illinois.

Dated: July 30, 1998

CONSOLIDATED COMMUNICATIONS
TELECOM SERVICES, INC.

By: 
Richard A. Lumpkin, Sole Director

MCLEODUSA TELECOMMUNICATIONS
SERVICES, INC.

By: 
Clark E. McLeod, Sole Director

2. CLOSING MATTERS

2.1 Cancellation of Certificates. At the Closing, every share of Consolidated Common Stock will be surrendered to Telecommunications and the certificate(s) for such shares duly endorsed will be canceled.

3. SUBMISSION OF STOCKHOLDERS; EFFECTIVE DATE OF MERGER

This Plan of Merger shall be submitted to the stockholders of Consolidated and Telecommunications in accordance with the corporate laws of the State of Iowa and the State of Illinois. If this Plan of Merger is duly adopted by all shareholders entitled to vote of both Consolidated and Telecommunications and is not terminated, as soon as practicable after the conditions provided for in the Agreement have been satisfied or waived, Consolidated and Telecommunications shall execute and file such documents and take such other action as may be necessary or appropriate to effect the transactions contemplated by the Plan of Merger.

4. MISCELLANEOUS

4.1 Plan. The Plan and this Agreement are intended to be construed together in order to effectuate their purposes.

4.2 Assignment, Binding Upon Successors and Assigns. Neither party hereto may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto, which consent may be withheld in such party's sole discretion. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

4.3 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Iowa (irrespective of its choice of law or conflict of laws principles).

4.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

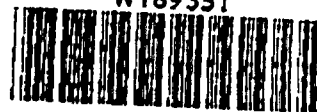
CONSOLIDATED COMMUNICATIONS
TELECOM SERVICES, INC.

By: *Richard A. Lumpkin*
Richard A. Lumpkin, Sole Director

MCLEODUSA TELECOMMUNICATIONS
SERVICES, INC.

By: *Clark E. McLeod*
Clark E. McLeod, Sole Director

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CHESTER J. CULVER
Secretary of State
State of Iowa

**STATEMENT OF CHANGE
OF REGISTERED OFFICE
AND/OR
REGISTERED AGENT**

168002

Pursuant to Iowa law, the undersigned submits this Statement to change the business entity's registered office and/or registered agent in Iowa. Please read the INSTRUCTIONS on the back side of this form before completing the information and signing below.

1. The **NAME** of the business entity is: MchedUSA Telecommunications Services, Inc.

2. The **street address** of the **CURRENT** registered **OFFICE** is:

2222 Grand Ave. Des Moines Iowa 50312
street city state zip

3. The **street address** of the **NEW** registered **OFFICE** is:

6400 C Street SW, PO Box 3177, Cedar Rapids, IA 52406-3177
street city state zip

4. The **name** of the **CURRENT** registered **AGENT** is: CT Corporation System

5. The **name** of the **NEW** registered **AGENT** is: Randall Rings

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6. If the **REGISTERED AGENT** has changed, the **NEW** Registered Agent must sign here, consenting to their appointment, or attach their written consent to this form.

Randall Rings
Signature of NEW Registered Agent

Complete **ONLY** if the Registered Agent changes.

7. If the **REGISTERED AGENT** changes the **street address** of their **business office** on this form, the Registered Agent must sign here indicating that **NOTICE** of the change has been given to the business entity.

Randall Rings
Signature of Registered Agent

Complete **ONLY** if the Registered Agent changes the **street address** of their **business office**.

8. After any/all change(s) are made, the **street address** of the **registered office** and the **street address** of the **business office** of the registered agent will be identical.

9. Signature by authorized* representative:

Randall Rings
*See instruction 95 on back


Print Name and Title:

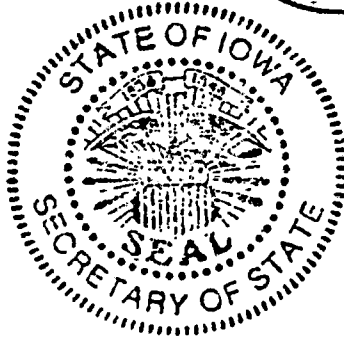
Randall Rings
Name

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STATE OF IOWA
SECRETARY OF STATE

STATE OF IOWA
Secretary of State Office

750

I hereby certify that this is a true and complete document(s) to which the seal is affixed as filed in this office beginning 20th day of July 1993 to and including the date below.

DATED February 26 2001

Charles J. Miller
Secretary of State

BY: Kate L. [Signature]

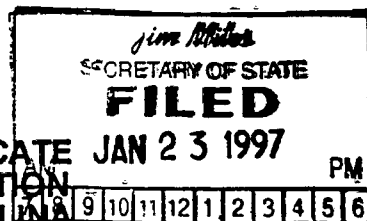
12 PAGES

EXHIBIT B

Certificate of Authority to Transact Business

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

JAN 23 1997



Jim Miles
SECRETARY OF STATE OF SOUTH CAROLINA
APPLICATION FOR AN AMENDED CERTIFICATE
OF AUTHORITY BY A FOREIGN CORPORATION
TO TRANSACT BUSINESS IN SOUTH CAROLINA

Pursuant to §33-15-104 of the 1976 South Carolina Code, as amended, the undersigned corporation hereby applies for an amended certificate of authority to transact business in the State of South Carolina and for that purpose hereby submits the following statement:

1. The name of the corporation is McLeod Telemanagement, Inc.
- 1a. The above named corporation received a Certificate of Authority to transact business in South Carolina on: November 21, 1996.
2. This application is filed for the following reason (complete all applicable items):
 - ☒ a. The corporation has changed its corporate name as follows McLeodUSA Telecommunications Services, Inc.
 - ☐ b. The corporation has changed its duration to _____
 - ☐ c. The corporation has changed the state or country of its incorporation to _____
3. The name of the corporation for the purposes of transacting business in South Carolina is (See §§33-4-101 and 33-15-106) and see §§33-19-500(b)(1) if the corporation is a professional corporation)
McLeodUSA Telecommunications Services, Inc.
4. It is incorporated as (check applicable item) ☒ a general business corporation, ☐ a professional corporation, under the laws of the state of Iowa
5. The date of its incorporation is July 26, 1993 and the period of its duration is Perpetual
6. The address of the principal office of the corporation in the jurisdiction of its incorporation is
221 Third Avenue SE, Suite 500 in the city of Cedar Rapids
(Street & Number)
and the state of Iowa 52401
Zip Code
7. The address of the proposed registered office in the state of South Carolina is c/o C T Corporation System, 75 Beattie Place, Two Insignia Financial Plaza
(Street & Number)
in the city of Greenville, South Carolina 29601
Zip Code
8. The name of the proposed registered agent in this state at such address is C T Corporation System

The name and usual business address of the corporation's directors (if the corporation has no directors, then the name and address of those persons who are exercising the statutory authority of directors on behalf of the corporation) and principal Officers:

a)	Name of Directors	Business Address
	<u>Clark E. McLeod</u>	<u>221 Third Avenue SE, Suite 500, Cedar Rapids, Iowa 52401</u>
	_____	_____
	_____	_____
	_____	_____
b)	Name and Office of Principal Officers	Business Address
	<u>Clark E. McLeod, Chief Executive Officer</u>	<u>221 Third Avenue SE, Suite 500, Cedar Rapids, Iowa 52401</u>
	<u>Stephen C. Gray, President</u>	<u>221 Third Avenue SE, Suite 500, Cedar Rapids, Iowa 52401</u>
	<u>Blake O. Fisher, Jr., CEO/Treasurer</u>	<u>221 Third Avenue SE, Suite 500, Cedar Rapids, Iowa 52401</u>
	<u>Casey D. Mahon, Secretary</u>	<u>221 Third Avenue SE, Suite 500, Cedar Rapids, Iowa 52401</u>

The aggregate number of shares which the corporation has authority to issue, itemized by classes and series, if any, within a class:

Class of Shares (and series, if any)	Authorized No. of Each Class (and Series)
<u>Common/ (No series)</u>	<u>1,000</u>
_____	_____
_____	_____
_____	_____

Unless a delayed date is specified, this application shall be effective when accepted for filing by the Secretary of State (See §33-1-230): _____

Dated this 13 day of Jan. 19 97.

McLeodUSA Telecommunications Services, Inc.

(Name of Corporation)

By: _____

(Signature of Officer)

Casey D. Mahon, Secretary

(Type or Print Name and Office)

FILING INSTRUCTIONS

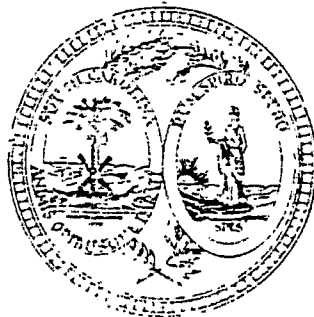
- Two copies of this application, the original and either a duplicate original or a conformed copy, must be filed.
- If the space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form.
- Schedule of Fees (payable at the time of filing this document)

Fee for filing Application (payable to the Secretary of State)
Filing Tax

\$10.00
100.00

- If the applicant corporation is adopting a fictitious name for use in South Carolina pursuant to Section 33-15-106(a), then a certified copy of the board of directors resolution approving the fictitious name must be attached to the application.

The State of South Carolina



Office of Secretary of State Jim Miles **Certificate of Authorization**

I, Jim Miles, Secretary of State of South Carolina Hereby certify that:

MCLEOD TELEMAGEMENT, INC.,

a corporation duly organized under the laws of the state of **IOWA** and issued a certificate of authority to transact business in South Carolina on **November 21st, 1996**, has on the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the Corporation that its authority to transact business in South Carolina is subject to being revoked pursuant to Section 33-15-310 of the 1976 South Carolina Code, and no application for surrender of authority to do business in South Carolina has been filed in this office as of the date hereof.

Given under my Hand and the Great Seal of the State at Columbia this 22nd day of November, 1996.

A handwritten signature of Jim Miles in cursive script, written over a horizontal line.

Jim Miles, Secretary of State

EXHIBIT C

Management Qualifications

**Management Biographies
of
McLeodUSA Telecommunications Services, Inc.**

Stephen C. Gray

Mr. Gray is McLeodUSA's President and Chief Executive Officer - Local Services. He also serves as Co-Chief Executive Officer, President, and Chief Operating Officer of McLeodUSA's ultimate corporate parent, McLeodUSA Incorporated. Prior to joining McLeodUSA Incorporated, Mr. Gray served as Vice President of Business Services at MCI, from August 1990 to September 1992 where he was responsible for MCI's local access strategy and for marketing and sales support of the Business Markets division. From February 1988 to August 1990, Mr. Gray served as Senior Vice President of National Accounts and Carrier Services for Telecom*USA, where his responsibilities included sales, marketing, key contract negotiations and strategic acquisitions and combinations. Prior to joining Telecom*USA, from September 1986 to February 1988, Mr. Gray held a variety of management positions with Williams Telecommunications Company, a long distance telephone company.

Roy A. Wilkens

Mr. Wilkens is McLeodUSA's President and Chief Executive Officer - Data Services. Mr. Wilkens was President of the Williams Pipeline Company when he founded WilTel Network Services in 1985 as an operating unit of the Williams Companies, Inc. He served as Chief Executive Officer of WilTel Network Services from 1985 to 1997. In 1995, WilTel Network Services was acquired by LDDS Communications, which now operates under the name WorldCom. Mr. Wilkens served as Vice Chairman of WorldCom until his retirement in 1997. In 1992, Mr. Wilkens was appointed by President George Bush to the National Security Telecommunications Advisory Council. He also has served as chairman of both the Competitive Telecommunications Association (CompTel) and the National Telecommunications Network. Mr. Wilkens is a director of Splitrock Services, Inc., Paging Network, Inc., UniDial Inc., and Orillion Corporation.

J. Lyle Patrick

Mr. Patrick is Chief Financial Officer of both McLeodUSA, and McLeodUSA's ultimate corporate parent, McLeodUSA Incorporated. Since September 1997, Mr. Patrick has had responsibility for financial, billing and other administrative functions, as well as directing regulatory and legislative efforts with various state and national agencies. From 1988 until September of 1997, Mr. Patrick was Vice President and Chief Financial Officer of Consolidated Communications Inc. (CCI). Mr. Patrick is a Certified Public Accountant and prior to his tenure with CCI was a partner with Arthur Andersen LLP for 14 years. Mr. Patrick is the immediate past Chairman of the CompTel Board of Directors, the national competitive telecommunications association. He is a past Chairman of the Illinois Telecommunications Association Board of Directors, and has served on various committees as well as the Board of Directors of the United States Telephone Association.

Randall Rings

Mr. Rings is General Counsel of McLeodUSA and Group Vice President - Chief Legal Officer of McLeod. He served as Vice President, Secretary and General Counsel of McLeodUSA Incorporated since March 1998. From May 1996 to March 1998, Mr. Rings served as General Counsel of McLeodUSA Publishing, where he was responsible for legal, legislative and regulatory affairs. Prior to 1996, Mr. Rings served as an Associate Attorney at March & McMillan, P.C., with a diverse legal practice which included business planning, commercial litigation, employment and environmental law, and representation of electric and telephone cooperatives. From November 1988 to June 1992, Mr. Rings served as Corporate Counsel to the Association of Illinois Electric Cooperatives where, as chief legal officer, he advised electric and telephone cooperatives throughout Illinois on corporate, tax, employment and other legal matters.

EXHIBIT D

Financial Qualifications

**Financial Statements of Applicant's Ultimate Corporate Parent,
McLeodUSA Incorporated,
filed as part of SEC Form 10-K**

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

**Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 1999

Commission File Number: 0-20763

McLEODUSA INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

42-1407240

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

McLeodUSA Technology Park
6400 C Street SW, P.O. Box 3177
Cedar Rapids, IA

52406-3177
(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code: (319) 364-0000

Securities registered pursuant to Section 12(b) of the Act:

Not applicable

Securities registered pursuant to Section 12(g) of the Act:

Class A common stock, par value \$0.01 per share
6.75% Series A preferred stock, par value \$0.01 per share
(Title of Classes)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of the registrant's common stock as of March 17, 2000 is \$11,278,547,249.*

The number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date is:

- Class A common stock, par value \$.01 per share, outstanding as of March 17, 2000:
160,512,447 shares

*/ Solely for the purposes of this calculation, all directors and executive officers of the registrant and all stockholders beneficially owning more than 5% of the registrant's common stock that have representation on the registrant's Board of Directors are considered to be affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents incorporated by reference and the Part of the Form 10-K into which the document is incorporated:

Portions of the definitive proxy statement for the Annual Meeting of Stockholders to be held on May 31, 2000, to be filed within 120 days after the end of the registrant's fiscal year, are incorporated by reference

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
McLeodUSA Incorporated:

We have audited the accompanying consolidated balance sheets of McLeodUSA Incorporated (a Delaware corporation) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of McLeodUSA Incorporated's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of McLeodUSA Incorporated and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Chicago, Illinois
January 26, 2000
(except with respect to the matters discussed
in Note 16, as to which the date is February
29, 2000)

MCLEODUSA INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

	<u>December 31,</u>	
	<u>1999</u>	<u>1998</u>
ASSETS		
Current Assets		
Cash and cash equivalents.....	\$ 326.9	\$ 455.1
Investment in available-for-sale securities.....	934.1	136.6
Trade receivables, net.....	183.8	116.4
Inventory.....	27.5	12.8
Deferred expenses.....	39.2	26.7
Prepaid expenses and other.....	58.0	45.6
Total current assets.....	<u>1,569.5</u>	<u>793.2</u>
Property and Equipment		
Land and building.....	85.1	60.3
Telecommunications networks.....	635.9	307.3
Furniture, fixtures and equipment.....	267.2	138.3
Networks in progress.....	453.2	185.5
Building in progress.....	1.2	12.6
	<u>1,442.6</u>	<u>704.0</u>
Less accumulated depreciation.....	<u>172.6</u>	<u>74.3</u>
	<u>1,270.0</u>	<u>629.7</u>
Investments, Intangibles and Other Assets		
Other investments.....	35.9	35.9
Goodwill, net.....	957.1	289.6
Other intangibles, net.....	290.2	112.4
Other.....	80.4	64.4
	<u>1,363.6</u>	<u>502.3</u>
	<u>\$4,203.1</u>	<u>\$1,925.2</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt.....	\$ 14.4	\$ 8.2
Contracts and notes payable.....	.1	4.5
Accounts payable.....	109.6	62.0
Accrued payroll and payroll related expenses.....	26.2	13.6
Other accrued liabilities.....	92.2	63.8
Deferred revenue, current portion.....	24.1	11.0
Customer deposits.....	30.1	16.8
Total current liabilities.....	<u>296.7</u>	<u>179.9</u>
Long-Term Debt, less current maturities.....	1,763.8	1,245.2
Deferred Revenue, less current portion.....	15.8	16.8
Other Long-term liabilities.....	18.3	20.5
	<u>2,094.6</u>	<u>1,462.4</u>
Redeemable convertible preferred stock		
Preferred, Series B, redeemable, convertible, \$.01 par value, authorized, issued and		
Outstanding 1999 275,000; 1998 none.....	687.5	—
Preferred, Series C, redeemable, convertible, \$.01 par value, authorized, issued and		
Outstanding 1999 125,000; 1998 none.....	312.5	—
	<u>1,000.0</u>	<u>—</u>
Stockholders' Equity		
Capital stock:		
Preferred, Series A, \$.01 par value: authorized, issued and outstanding		
1999 1,150,000 shares; 1998 none.....	—	—
Common, Class A, \$.01 par value; authorized 250,000,000 shares; issued and		
outstanding 1999 157,587,012 shares and 1998 127,358,350 shares.....	1.6	1.3
Common, Class B, convertible, \$.01 par value; authorized 22,000,000 shares;		
issued and outstanding 1999 none; 1998 none.....	—	—
Additional paid-in capital.....	1,523.5	716.5
Accumulated deficit.....	(491.3)	(253.3)
Accumulated other comprehensive income (loss).....	74.7	(1.7)
	<u>1,108.5</u>	<u>462.8</u>
	<u>\$4,203.1</u>	<u>\$1,925.2</u>

The accompanying notes are an integral part of these consolidated financial statements.

MCLEODUSA INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In millions, except per share data)

	<u>Year Ended December 31,</u>		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Revenue:			
Telecommunications:			
Local and long distance	\$ 456.0	\$ 271.2	\$ 110.0
Local exchange services	78.4	67.8	16.1
Private line and data	80.1	40.1	17.2
Network maintenance and equipment	36.3	32.9	21.0
Other telecommunications	30.1	27.8	9.9
Total telecommunications revenue	680.9	439.8	174.2
Directory	209.2	144.9	81.1
Telemarketing	18.7	19.4	12.6
Total revenue	908.8	604.1	267.9
Operating expenses:			
Cost of service	457.1	323.2	151.2
Selling, general and administrative	392.7	260.9	148.2
Depreciation and amortization	190.7	89.1	33.3
Other	—	5.6	4.6
Total operating expenses	1,040.5	678.8	337.3
Operating loss	(131.7)	(74.7)	(69.4)
Nonoperating income (expense):			
Interest income	42.6	26.0	22.7
Interest (expense)	(136.8)	(78.2)	(34.6)
Other income	5.6	2.0	1.4
Total nonoperating income (expense)	(88.6)	(50.2)	(10.5)
Loss before income taxes	(220.3)	(124.9)	(79.9)
Income taxes	—	—	—
Net loss	(220.3)	(124.9)	(79.9)
Preferred stock dividend	(17.7)	—	—
Net loss applicable to common shares	\$ (238.0)	\$ (124.9)	\$ (79.9)
Basic and diluted loss per common share	\$ (1.61)	\$ (.99)	\$ (.73)
Weighted average common shares outstanding	147.7	125.6	109.9
Other comprehensive income (loss):			
Unrealized gains on securities:			
Unrealized holding gains (losses) arising during the			
Period	83.4	3.0	(2.5)
Less: Reclassification adjustment for gains included in			
Net income	(7.0)	(2.2)	—
Total other comprehensive income (loss)	76.4	.8	(2.5)
Comprehensive loss	\$ (161.6)	\$ (124.1)	\$ (82.4)

The accompanying notes are an integral part of these consolidated financial statements.

MCLEODUSA INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 1999, 1998 and 1997
(In millions, except shares)

	Common Stock		Additional	Accumulated	Accumulated	
	Class A	Class B	Paid-In	Deficit	Other	
			Capital		Comprehensive	Total
Balance, December 31, 1996.....	\$ 0.4	\$ 0.2	\$ 450.7	\$ (47.8)	\$ —	\$ 403.5
Net loss	—	—	—	(79.9)	—	(79.9)
Issuance of 1,137,883 shares of Class A						
Common stock	—	—	0.9	—	—	0.9
Release of 56,177 shares of Class A common						
stock from escrow.....	—	—	1.3	—	—	1.3
Issuance of 84,430 shares of Class A common						
stock in connection with the acquisition of						
Digital Communications of Iowa, Inc.....	—	—	2.3	—	—	2.3
Issuance of 8,488,596 shares of Class A						
Common stock in connection with the						
Acquisition of CCI.....	—	—	223.6	—	—	223.6
Issuance of 55,500 shares of Class A common stock						
in connection with the acquisition of certain assets						
of OneTEL Corp.....	—	—	2.0	—	—	2.0
Issuance of 140,000 shares of Class A common stock						
in connection with the acquisition of ownership						
interests of Colorado Directory Company LLC.....	—	—	4.5	—	—	4.5
Issuance of 38,080 shares of Class A common stock						
to participants in the Employee Stock Purchase Plan	—	—	0.7	—	—	0.7
Conversion of 15,625,929 shares of Class B						
Common stock to 15,625,929 shares of Class						
A common stock	0.2	(0.2)	—	—	—	—
Amortization of compensation expense related to						
stock options	—	—	3.0	—	—	3.0
Other comprehensive income.....	—	—	—	—	(2.5)	(2.5)
Balance, December 31, 1997.....	0.6	—	689.0	(127.7)	(2.5)	559.4
Net loss	—	—	—	(124.9)	—	(124.9)
Issuance of 1,353,785 shares of Class A						
common stock	—	—	3.7	—	—	3.7
Issuance of 70,508 shares of Class A common						
stock in connection with the acquisition of NewCom						
Technologies, Inc. and NewCom OSP Services, Inc.	—	—	3.2	—	—	3.2
Issuance of 151,019 shares of Class A common stock						
in connection with the acquisition of certain assets						
of Communications Cable-Laying Company, Inc.	—	—	6.0	—	—	6.0
Issuance of 70,672 shares of Class A common						
stock in connection with the acquisition of						
of Inlet, Inc.	—	—	2.4	—	—	2.4
Issuance of 82,602 shares of Class A common stock						
to participants in the 401(k) profit-sharing plans.....	—	—	2.6	—	—	2.6
Issuance of 132,893 shares of Class A common stock						
to participants in the Employee Stock Purchase Plan	—	—	3.7	—	—	3.7
Amortization of compensation expense related to						
stock options	—	—	5.9	—	—	5.9
Other comprehensive income.....	—	—	—	—	0.8	0.8
Balance, December 31, 1998.....	0.6	—	716.5	(252.6)	(1.7)	462.8
Two-for-one stock split (Note 8).....	0.7	—	—	(0.7)	—	—
Net loss	—	—	—	(238.0)	—	(238.0)
Issuance of 4,174,274 shares of Class A						
common stock	—	—	20.7	—	—	20.7
Issuance of 25,397,456 shares of Class A common						
stock in connection with the acquisitions (Note 8)....	0.3	—	487.7	—	—	488.0
Issuance of 222,762 shares of Class A common stock						
to participants in the 401(k) profit-sharing plans.....	—	—	4.9	—	—	4.9
Issuance of 313,909 shares of Class A common stock						
to participants in the Employee Stock Purchase Plan	—	—	4.4	—	—	4.4
Issuance of 1,150,000 shares of Series A preferred						
stock	—	—	277.3	—	—	277.3
Amortization of compensation expense related to						
stock options	—	—	6.9	—	—	6.9
Issuance of 120,261 shares of Class A common stock						
to Series A preferred stock shareholders.....	—	—	5.1	—	—	5.1
Other comprehensive income.....	—	—	—	—	76.4	76.4
Balance, December 31, 1999.....	\$ 1.6	\$ —	\$ 1,523.5	\$ (491.3)	\$ 74.7	\$ 1,108.5

The accompanying notes are an integral part of these consolidated financial statements.

MCLEODUSA INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	<u>Year Ended December 31,</u>		
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Cash Flows from Operating Activities			
Net loss.....	\$(220.3)	\$(124.9)	\$ (79.9)
Adjustments to reconcile net loss to net cash (used in) operating activities:			
Depreciation	105.6	53.3	17.6
Amortization	85.1	34.7	15.7
Accretion of interest on senior discount notes.....	38.9	35.1	26.7
Changes in assets and liabilities, net of effects of acquisitions:			
(Increase) in trade receivables	(20.7)	(6.4)	(15.9)
(Increase) in inventory	(12.7)	(8.2)	(0.8)
(Increase) decrease in deferred expenses.....	(4.0)	0.9	1.2
(Increase) decrease in prepaid expenses and other.....	10.2	(34.3)	(1.0)
(Increase) in deferred line installation costs	(27.2)	(13.6)	(9.7)
Increase (decrease) in accounts payable and accrued expenses	(16.9)	32.2	27.1
Increase in deferred revenue.....	10.5	4.6	7.2
Increase in customer deposits	9.3	4.1	3.0
Net cash (used in) operating activities	(42.2)	(22.5)	(8.8)
Cash Flows from Investing Activities			
Purchase of property and equipment	(599.7)	(289.9)	(151.3)
Available-for-sale securities:			
Purchases.....	(1,247.3)	(607.4)	(116.0)
Sales	144.3	264.4	102.4
Maturities.....	391.5	242.0	133.8
Business acquisitions	(230.8)	(27.8)	(181.9)
Deposits on PCS licenses.....	—	—	(28.0)
Other	(8.9)	(5.2)	(1.8)
Net cash (used in) investing activities	(1,550.9)	(423.9)	(242.8)
Cash Flows from Financing Activities			
Payments on contracts and notes payable	(26.2)	(11.1)	(19.0)
Proceeds from long-term debt	485.8	583.9	506.6
Payments on long-term debt	(279.2)	(10.9)	(2.2)
Net proceeds from issuance of common stock	18.0	7.7	1.6
Net proceeds from preferred stock – Series A	278.1	—	—
Net proceeds from preferred stock – Series B and C	998.7	—	—
Payments of preferred stock dividends	(10.3)	—	—
Net cash provided by financing activities	1,464.9	569.6	487.0
Net increase (decrease) in cash and cash equivalents	(128.2)	123.2	235.4
Cash and cash equivalents:			
Beginning	455.1	331.9	96.5
Ending	<u>\$ 326.9</u>	<u>\$ 455.1</u>	<u>\$ 331.9</u>
Supplemental Disclosure of Cash Flow Information			
Cash payment for interest, net of interest capitalized 1999 \$23.0; 1998 \$10.7; 1997 \$4.4	<u>\$ 85.8</u>	<u>\$ 27.0</u>	<u>\$ 1.8</u>
Supplemental Schedule of Noncash Investing and Financing Activities			
Release of 112,354 shares of Class A common stock from escrow	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1.3</u>
Capital leases incurred for the acquisition of property and equipment	<u>\$ 10.3</u>	<u>\$ 5.9</u>	<u>\$ 3.4</u>

The accompanying notes are an integral part of these consolidated financial statements.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2000

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission file number 0-20763

McLEODUSA INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

42-1407240
(IRS Employer Identification No.)

McLeodUSA Technology Park
6400 C Street SW
P.O. Box 3177
Cedar Rapids, Iowa
 (Address of principal executive office)

52406-3177
(Zip Code)

319-364-0000
(Registrant's telephone number,
including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No

The number of shares outstanding of each class of the issuer's common stock as of November 3, 2000:

Common Stock Class A: (\$.01 par value) 585,913,753 shares

Common Stock Class B: (\$.01 par value) None

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

McLEODUSA INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except shares)

	September 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
Current Assets		
Cash and cash equivalents.....	\$ 353.6	\$ 326.9
Investment in available-for-sale securities.....	226.3	934.1
Trade receivables, net.....	255.4	183.8
Inventory.....	31.0	27.5
Deferred expenses.....	42.9	39.2
Prepaid expenses and other.....	50.2	58.0
TOTAL CURRENT ASSETS.....	959.4	1,569.5
Property and Equipment		
Land and building.....	116.5	85.1
Telecommunications networks.....	1,043.8	635.9
Furniture, fixtures and equipment.....	401.0	267.2
Networks in progress.....	941.4	453.2
Building in progress.....	3.2	1.2
	2,505.9	1,442.6
Less accumulated depreciation.....	343.6	172.6
	2,162.3	1,270.0
Investments, Intangible and Other Assets		
Other investments.....	31.8	35.9
Goodwill, net.....	3,032.8	957.1
Other intangibles, net.....	346.3	290.2
Other.....	137.1	80.4
	3,548.0	1,363.6
	<u>\$ 6,669.7</u>	<u>\$ 4,203.1</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt.....	\$ 29.1	\$ 14.4
Contracts and notes payable.....	0.1	0.1
Accounts payable.....	179.2	109.6
Accrued payroll and payroll related expenses.....	37.6	26.2
Other accrued liabilities.....	218.6	92.2
Deferred revenue, current portion.....	49.6	24.1
Customer deposits.....	47.8	30.1
TOTAL CURRENT LIABILITIES.....	562.0	296.7
Long-term Debt, less current maturities.....	2,371.3	1,763.8
Deferred Revenue, less current portion.....	13.5	15.8
Other long-term liabilities.....	19.0	18.3
	2,965.8	2,094.6
Redeemable convertible preferred stock		
Preferred, Series B, redeemable, convertible, \$.01 par value, authorized, issued and outstanding 2000 275,000 shares; 1999 275,000 shares.....	687.5	687.5
Preferred, Series C, redeemable, convertible, \$.01 par value, authorized, issued and outstanding 2000 125,000 shares; 1999 125,000 shares.....	312.5	312.5
	1,000.0	1,000.0
Stockholders' Equity		
Capital Stock:		
Preferred, Series A, \$.01 par value; authorized 1,150,000 shares; issued and outstanding 2000 1,149,580 shares; 1999 1,150,000 shares.....	—	—
Common, Class A, \$.01 par value; authorized 2,000,000,000 shares; issued and outstanding 2000 585,128,506 shares; 1999 472,761,036 shares.....	5.9	4.8
Common, Class B, convertible, \$.01 par value; authorized 22,000,000 shares; issued and outstanding 2000 and 1999 none.....	—	—
Additional paid-in capital.....	3,518.6	1,523.5
Accumulated deficit.....	(872.4)	(494.5)
Accumulated other comprehensive income.....	51.8	74.7
	2,703.9	1,108.5
	<u>\$ 6,669.7</u>	<u>\$ 4,203.1</u>

Class A common stock and accumulated deficit are presented after giving effect for the three-for-one stock split effected in the form of a stock dividend as described in Note 4.

The accompanying notes are an integral part of these consolidated financial statements

McLEODUSA INCORPORATED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Revenues:				
Telecommunications	\$ 278.2	\$ 163.6	\$ 721.6	\$ 416.1
Local exchange services	21.6	20.3	63.8	57.7
Directory	60.7	51.9	185.3	157.2
Telemarketing	6.1	5.3	16.0	13.9
TOTAL REVENUES	<u>366.6</u>	<u>241.1</u>	<u>986.7</u>	<u>644.9</u>
Operating expenses:				
Cost of service	204.2	121.9	548.6	327.4
Selling, general and administrative	147.3	104.0	403.9	282.4
Depreciation and amortization	113.6	51.9	276.8	130.6
TOTAL OPERATING EXPENSES	<u>465.1</u>	<u>277.8</u>	<u>1,229.3</u>	<u>740.4</u>
OPERATING LOSS	(98.5)	(36.7)	(242.6)	(95.5)
Nonoperating income (expense):				
Interest income	12.2	8.1	43.1	23.1
Interest (expense)	(40.7)	(36.8)	(113.6)	(102.5)
Other income (expense)	(0.7)	7.0	1.2	7.6
TOTAL NONOPERATING INCOME (EXPENSE)	<u>(29.2)</u>	<u>(21.7)</u>	<u>(69.3)</u>	<u>(71.8)</u>
LOSS BEFORE INCOME TAXES AND EXTRAORDINARY CHARGE	(127.7)	(58.4)	(311.9)	(167.3)
Income taxes	—	—	—	—
LOSS BEFORE EXTRAORDINARY CHARGE	(127.7)	(58.4)	(311.9)	(167.3)
Extraordinary charge for early retirement of debt	(24.5)	—	(24.5)	—
NET LOSS	(152.2)	(58.4)	(336.4)	(167.3)
Preferred stock dividend	(13.6)	(4.1)	(40.8)	(4.1)
NET LOSS APPLICABLE TO COMMON SHARES	<u>\$ (165.8)</u>	<u>\$ (62.5)</u>	<u>\$ (377.2)</u>	<u>\$ (171.4)</u>
Loss per common share:				
Loss before extraordinary charge	\$ (0.24)	\$ (0.14)	\$ (0.65)	\$ (0.39)
Extraordinary charge	(0.04)	—	(0.04)	—
Loss per common share	<u>\$ (0.28)</u>	<u>\$ (0.14)</u>	<u>\$ (0.69)</u>	<u>\$ (0.39)</u>
Weighted average common shares outstanding	<u>583.3</u>	<u>458.0</u>	<u>547.3</u>	<u>434.9</u>
Other comprehensive income (loss), net of tax:				
Unrealized gains on securities:				
Unrealized holding gains (losses) arising during the period	(30.5)	8.8	(21.1)	26.6
Less: reclassification adjustment for gains included in net income	(0.5)	(8.1)	1.8	(8.8)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) ..	<u>(30.0)</u>	<u>0.7</u>	<u>(22.9)</u>	<u>17.8</u>
COMPREHENSIVE LOSS	<u>\$ (195.8)</u>	<u>\$ (61.8)</u>	<u>\$ (400.1)</u>	<u>\$ (153.6)</u>

Loss per common share and weighted average common shares outstanding are presented after giving effect for the three-for-one stock split effected in the form of a dividend as described in Note 4.

The accompanying notes are an integral part of these consolidated financial statements

McLEODUSA INCORPORATED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Nine Months Ended September 30,	
	2000	1999
Cash Flows from Operating Activities		
Net loss	\$ (336.4)	\$ (167.3)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	142.7	74.3
Amortization	134.1	56.3
Accretion of interest on senior discount notes	31.7	28.8
Changes in assets and liabilities, net of effects of acquisitions:		
(Increase) in trade receivables	(59.0)	(19.1)
(Increase) in inventory	(3.2)	(17.3)
(Increase) in deferred expenses	(3.6)	(1.4)
Decrease in prepaid expenses and other	49.2	28.7
(Increase) in deferred line installation costs	(32.4)	(19.5)
Increase (decrease) in accounts payable and accrued expenses	32.0	(35.7)
Increase in deferred revenue	23.1	6.8
Increase in customer deposits	17.4	5.5
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(4.4)</u>	<u>(59.9)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(876.5)	(394.1)
Available-for-sale securities:		
Purchases	(556.9)	(821.9)
Sales	34.4	135.9
Maturities	1,232.3	262.5
Business Acquisitions	(25.3)	(231.1)
Other	(42.8)	(1.6)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(234.8)</u>	<u>(1,050.3)</u>
Cash Flows from Financing Activities		
Payments on contracts and notes payable	—	(21.7)
Net proceeds from preferred stock – Series B and C	(1.0)	999.9
Net proceeds from long-term debt	555.6	485.6
Payments on long-term debt	(313.2)	(211.0)
Net proceeds from preferred stock – Series A	—	278.1
Net proceeds from issuance of common stock	42.0	9.4
Payments of preferred stock dividends	(17.5)	—
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>265.9</u>	<u>1,540.3</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>26.7</u>	<u>430.1</u>
Cash and cash equivalents:		
Beginning	326.9	455.1
Ending	<u>\$ 353.6</u>	<u>\$ 855.2</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payment for interest	<u>\$ 117.6</u>	<u>\$ 77.3</u>
Supplemental Schedule of Noncash Investing and Financing Activities		
Capital leases incurred for the acquisition of property and equipment	<u>\$ 7.7</u>	<u>\$ 9.4</u>

The accompanying notes are an integral part of these consolidated financial statements

EXHIBIT E

**Motion for
Expedited Treatment and Waiver of Hearing**

BEFORE THE
STATE OF SOUTH CAROLINA
PUBLIC SERVICE COMMISSION

POSTED
003301

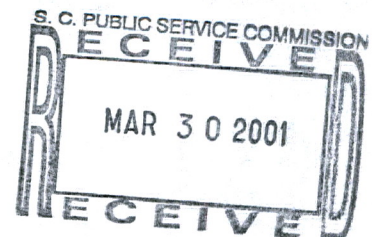
In the Matter of the Application of)
)
McLeodUSA Telecommunications)
Services, Inc.)
)
for a Certificate of Public Convenience and)
Necessity to Provide Competitive Local)
Exchange Telecommunications Services,)
Facilities-Based Interexchange)
Telecommunications Services and for)
Alternative or Relaxed Regulation)

Docket No. _____

MOTION FOR
EXPEDITED TREATMENT AND WAIVER OF HEARING

Dated: March 27, 2001

357412.2



MOTION OF McLEODUSA TELECOMMUNICATIONS SERVICES, INC.

FOR EXPEDITED TREATMENT AND WAIVER OF HEARING

McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") respectfully moves the State of South Carolina Public Service Commission ("Commission") for an order for expedited treatment and waiver of hearing in connection with McLeodUSA's Application for a Certificate of Public Convenience and Necessity to provide competitive local exchange and facilities-based interexchange telecommunications services and for alternative or relaxed regulation treatment

McLeodUSA is an experienced, nondominant carrier that provides integrated telecommunications services to small- and medium-size business and residential customers and governmental entities. In South Carolina, McLeodUSA is already authorized to provide resold intrastate interexchange services pursuant to a Certificate of Public Convenience and Necessity granted by this Commission by Order No. 97-944 issued in Docket No. 97-207-C (Nov. 4, 1997). Pursuant to this Order, McLeodUSA offers resold intrastate interexchange telecommunications services to customers within the State of South Carolina. Additionally, McLeodUSA offers integrated telecommunications including local services in its 26-state footprint, primarily in the Midwest, Rocky Mountain and Pacific Northwest states; long distance and advanced data services are available in all states except Alaska and Hawaii.

McLeodUSA, by this Commission, has already been deemed qualified to provide, and is currently providing, telecommunications services in the State of South Carolina pursuant to the

above referenced proceeding. As such, McLeodUSA requests expedited treatment of this Application and waiver of the hearing in South Carolina.

For the foregoing reasons, McLeodUSA respectfully moves that the Commission grant expedited treatment and waiver of the hearing in South Carolina.

Respectfully submitted,



Grace R. Chiu

Brett P. Ferenchak

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

3000 K Street, N.W., Suite 300

Washington, D.C. 20007-5116

Telephone: (202) 424-7500

Facsimile: (202) 424-7645

Counsel for

McLeodUSA Telecommunications Services, Inc.

Dated: March 27, 2001

EXHIBIT F

Pre-Filed Testimony of David R. Conn